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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970

No. 659

COMCET, INC., *Petitioner*,
(COMCET)

v.

COMMUNICATIONS SATELLITE CORPORATION, *Respondent*.
(COMSAT)

On a Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

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BRIEF FOR RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the District Court (App. A of Petition) is reported at 300 F. Supp. 559 (D. Md. 1969). The opinion of the Court of Appeals for the Fourth Circuit (App. B of Petition) is not yet reported in Federal Reporter 2d but is reported at 166 U.S.P.Q. 353 (1970).

JURISDICTION

The jurisdictional requisites are adequately set forth in the Petition.

QUESTIONS PRESENTED

1. Did the Court of Appeals, in determining the issue of infringement of Respondent's registered service mark "COMSAT" under § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), correctly apply the statutory test of infringement when the Court concluded that Petitioner's use of "COMCET" as a trade name and trademark was likely to cause confusion?

2. Did the Court of Appeals correctly reverse the District Court's finding of no likelihood of confusion in an action for trade name and trademark-service mark infringement when, on the entire evidence, the Court of Appeals was "left with the definite and firm conviction that a mistake has been committed" by the District Court?

3. Did the Court of Appeals correctly interpret and apply the common law of the State of Maryland when the Court concluded that, in an action for infringement of Respondent's "coined" and "famous" trade name "COMSAT", Petitioner's use of the trademark and trade name "COMCET" was likely to cause confusion?

STATUTES AND REGULATIONS INVOLVED

Some of the sections of the Lanham Act [e.g. 15 U.S.C. § 1114(1)] and the pertinent Federal Rules of Civil Procedure [Rule 52(a)] appear in the Petition (Pet. 3). However, other sections of the Lanham Act, 15 U.S.C. § 1051 et seq., which are relevant appear in Appendix A, pages 1a to 5a, *infra*.

In addition, 23 Md. Ann. Code § 5(a)(3) (1966), Rule 54 of the Rules of The Securities and Exchange Commission, and Securities Act Releases 4959 (April 7, 1969) and 5005 (September 17, 1969) are also relevant and appear in Appendices B and C, respectively, pages 6a to 8a, *infra*.

STATEMENT OF THE CASE

I. Jurisdiction of Court of First Instance

The District Court had federal jurisdiction of both the common law and statutory aspects of the action by virtue of diversity and amount in controversy under 28 U.S.C. §§ 1332(1) and 1338(a) and (b). It also had jurisdiction of the federal statutory trademark and unfair competition aspects under § 39 of the Lanham Act, 15 U.S.C. § 1121, without regard to diversity or amount in controversy.

II. COMSAT

Respondent, a District of Columbia corporation and owner of the world famous trade name and service mark "COMSAT", sought injunctive relief[1] under the common law and the applicable federal statutes against

[1] Petitioner, in the opening paragraph of the Petition (Pet. 5), has made a material misquotation of the District Court opinion with respect to the word "damages". Judge Thomsen's opinion states that Respondent "concedes that it has not proved any *damages*." (Pet. A1, emphasis Respondent's). Petitioner erroneously states that Respondent "has conceded that it has not proved damage". (Pet. 5). There is a vast difference between Respondent conceding that *damages*, in a monetary sense, have not been proved and Petitioner maintaining that Respondent has not proved *damage*, such as to its image, impairment of the public ability to identify accurately its business or the loss or disparagement of its goodwill and reputation.

Petitioner for (a) unfair competition, (b) trade name infringement, and (c) trademark-service mark infringement, all as a consequence of the adoption and use by Petitioner of "COMCET" throughout its business, including the public offering and sale of its securities.

Respondent began using "COMSAT" as its trade name early in 1964. In October, 1964, it began use of "COMSAT" as a service mark for its communications services (Pet. A3, F.F. 5). Respondent's stock has been traded on the New York Stock Exchange since September 8, 1964, and always has been listed in the reports of the transactions on that exchange as "COMSAT" (Pet. A3, F.F. 8). It first applied for registration of "COMSAT" in the United States Patent Office as a "service mark" under the Lanham Act, *supra*, on April 4, 1966 for its communications services. The first registration was issued on May 2, 1967 (Pet. A3, F.F. 6, footnote 3). COMSAT has become recognized throughout the United States as identifying and distinguishing Respondent and its "celebrated" communications services (Pet. A4, F.F. 10; A16, j). Respondent had spent, by early 1969, about a million dollars using the name COMSAT to promote its services and to recruit personnel (Pet. B4).

At the time of trial, Respondent was authorized by the Federal Communications Commission to provide *intercontinental* communications services by means of a global communications satellite system. Such intercontinental services have been provided by Respondent directly to other communications common carriers and the United States Government (Pet. A2, F.F. 2). With respect to other users of satellite communications services, Respondent has dealt with them either as *potential*

customers' customers (and has directly solicited their use of satellite services), or as *actual* customers' customers (and has furnished them technical advice and assistance). As of the time of trial, even when Petitioner was still a relatively new company, it had solicited business from at least sixteen large companies with which Respondent had business contacts. (Pet. A14).

Since the trial, the Federal Communications Commission has taken specific steps toward considerably expanding authorized areas of marketing activity for satellite communications by requesting proposals from Respondent *and others* for a *domestic* satellite communication system (Pet. B3). FCC Docket 16495, 1970.[2] Under the Federal Communications Commission's policy for domestic satellite services, Respondent and such others as may be authorized could *serve directly all potential users* of domestic telecommunications services, not just other common carriers and the United States Government.

Respondent's present services rendered under the mark "COMSAT" include computer-to-computer communications, which type of service is being expanded since satellite communications are especially well adapted for computer-to-computer traffic (Pet. A7, F.F. 22). Respondent and Petitioner, therefore, are in expanding and "interrelated industries" (Pet. A7, F.F. 21). Moreover, there is a significant and increasing convergence of the communications and computer hardware and service businesses (Pet. A7, FCC Docket

[2] FCC Docket No. 16495: Report and Order, 22 FCC 2d 86 (adopted March 20, 1970), and Notice of Proposed Rule Making, 22 FCC 2d 810 (adopted March 20, 1970).

16979, 1966)[3] and some companies both manufacture and sell computers and also offer communications services (Pet. B13).[4]

Respondent, COMSAT, complained to Petitioner about the use of the name COMCET *promptly* after Petitioner issued its common stock prospectus on October 15, 1968 (Pet. A6, F.F. 16, 18) and on the first day that use came to Respondent's attention. Following unsuccessful discussions directed toward an amicable resolution of the matter, Respondent filed its Complaint on January 16, 1969. The case was brought to trial promptly in April, 1969.

III. COMCET

Petitioner, COMCET, was incorporated as a Maryland corporation in 1968, long after COMSAT came into wide-spread use by Respondent. When Messrs. Johnson and Herman organized Petitioner and adopted the name COMCET, they did not investigate then existing trademark registrations (Pet. A5), although doing so would have disclosed to them the existence of Respondent's earlier service mark registration (Pet. A3). In any event, these same officers of Petitioner had actual knowledge of Respondent's prior use of COMSAT (Pet. A6, F.F. 15) as well as constructive notice under § 22 of the Lanham Act, 15 U.S.C. § 1072.

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[3] FCC Docket No. 16979: Notice of Inquiry, 7 FCC 2d 11 (adopted November 9, 1966), and Supplemental Notice of Inquiry, 7 FCC 2d 19 (adopted March 1, 1967).

[4] Petitioner's communications computers (i.e., "hardware") and systems (i.e., "hardware" and "software") are sold and used as adjuncts to data processing computers of the type served by the satellite communications offered by Respondent (Pet. A8; F.F. 25).

The name was selected by the two organizers (ultimately the principal officers) of Petitioner in a one-hour meeting (Pet. B5) with the specific purpose of capitalizing on the similarity of COMCET to the names of some of its related companies. As the Court of Appeals pointed out, the name selected by Petitioner's officers "may more readily suggest relationship to Comsat" than with Petitioner's related companies (Pet. B13).[5]

Prior to the issuance of Petitioner's prospectus on October 15, 1968, the Securities and Exchange Commission recognized that Petitioner's proposed name COMCET would be confusingly similar to the well known trade name of Respondent and suggested that Petitioner place on the cover page of the Prospectus a disclaimer of relationship to " 'Comsat', Communications Satellite Corporation". Petitioner complied with this suggestion (Pet. A6).

All 510,000 shares of Petitioner's securities (with minor exceptions) designated in the prospectus were sold to the public (Pet. A6, F.F. 16, footnote 7). The offering price in the prospectus for this stock was $10.00 per share. On the first day the stock was traded it sold for three time the "issue" price (Defendant's Exhibit 33), or approximately $30.00 per share. At that same time, Respondent's stock was selling for

[5] The names COMSAT and COMCET are, phonetically, virtually indistinguishable in the ordinary manner of speaking. They are pronounced, respectively, KOM'SAT and KOM'SET. As the Court of Appeals noted, "only a most perceptive ear can avoid initial confusion between the names when they are spoken" (Pet. B9). Their visual impression is also substantially identical since both names have the same number of letters and the same number of syllables.

about $40.00 per share. There was testimony at the trial evidencing confusion in a stock transaction involving COMCET stock, which the Court of Appeals characterized as "a harbinger of confusion" (Pet. B10).

ARGUMENT

I. LANHAM ACT TEST OF INFRINGEMENT OF REGISTERED SERVICE MARK

A. The Court of Appeals' Conclusion Was Based on the Statutory Test of "Likelihood of Confusion", Not Mere "Possibility" or "Probability" of Confusion

As presented in the Petition (Pet. 2), Question 1 is not germane to this case. The Court of Appeals specifically set forth in its opinion (Pet. B11, B13) the infringement test it applied under § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), namely, the existence of "likelihood of confusion" among prospective purchasers (Pet. B13). The tests of the "possibility" of confusion or the "probability" of confusion of "prospective purchasers" which Petitioner invites this Court to consider were not applied by the Court of Appeals in this case because they are not found in the Lanham Act, 15 U.S.C. § 1051 et seq., and are not, therefore, properly a matter for review.

The Court of Appeals recognized and clearly stated that the outcome of the case turns on the statutory test of "likelihood of confusion among prospective customers" (Pet. B11). It specifically held that the evidence, in its entirety, "establishes sufficient likelihood of confusion among prospective purchasers about the source or sponsorship" of Petitioner's computers to justify protection of Respondent's service mark registered under the Lanham Act (Pet. B13). Petitioner's argument is directed, not to the *correctness* of the legal

test used by the Court of Appeals, but to the question of whether the correct legal test was *properly applied* to the facts in this case.

The opinion of the Court of Appeals clearly sets forth the factors which it considered in determining that a likelihood of confusion exists in the present case within the meaning of § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). The evidence upon which the Court reached its conclusion was not limited to the resemblance of the marks alone,[6] but included factors such as the nature of the goods, channels of trade, and class of purchasers (Pet. B12).

In discussing the "likelihood of confusion" as to source, the Court below pointed out that "names may connote relationship" and that "to one who is uninitiated in the intricacies of their [Petitioner's] corporate family, Comcet may more readily suggest relationship to Comsat" than to Petitioner's related companies (Pet. B13). The Court of Appeals correctly concluded that, even in the absence of *direct* competition, the goods and services of the respective parties are so *related* in usage and the businesses are in

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[6] In distinguishing the present case from the case of *Durox Co.* v. *Duron Paint Mfg. Co.*, 320 F.2d 882 (4th Cir. 1963), the Court considered the nature of the marks involved in the respective cases and agreed with the holding in the *Durox* case, *supra*, that DURON was a "weak" mark, since the prefix "DUR—" has but one well understood meaning or significance, namely, "durability", whereas the prefix "COM—" may be suggestive of many different words and, therefore, when combined in a coined mark or name such as COMSAT, has no function other than to indicate source or origin of the goods or identification of the business in which it is used. In addition, the Court of Appeals, applying *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U.S. 315, 335 (1938), concluded that, regardless of its origin, COMSAT has acquired a secondary meaning which qualifies it for protection (Pet. B4).

such *interrelated industries* that there is "likelihood of confusion about the source or sponsorship of the defendant's goods and services" (Pet. B12-13). The Court also noted that "complementary" products or services are "particularly vulnerable to confusion", citing *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407 (2d Cir. 1917), *cert. den.* 245 U.S. 672 (1918).

B. The Court of Appeals' Decision Does Not Conflict With Other U.S. Circuit Court of Appeals' Decisions Interpreting the "Likelihood of Confusion" Test of Infringement Under the Lanham Act

Petitioner argues that there is a conflict between the Circuits concerning the proper interpretation of §32 (1) of the Lanham Act, 15 U.S.C. § 1114(1). However, two cases cited by Petitioner in principal support of this contention do not even deal with the Lanham Act. A reading of *General Adjustment Bureau, Inc. v. General Insurance Company*, 381 F.2d 991 (10th Cir. 1969), cited by Petitioner (Pet. 11), shows that the Lanham Act was not involved in that case in any respect. Therefore, the Court of Appeals for the Tenth Circuit did not and properly could not have "ruled" in that case on the meaning of any of the terms used in the Lanham Act. Federal jurisdiction of the case was based solely on diversity and amount in controversy and the substantive issues presented arose and were decided under Oklahoma common law. Likewise, the case of *Shoppers Fair of Arkansas, Inc. v. The Sanders Co., Inc.*, 328 F.2d 496 (8th Cir. 1964), cited by Petitioner (Pet. 10, 12), was decided under the law of Arkansas and did not involve the Lanham Act in any respect.

Insofar as the substance of Petitioner's argument is concerned, it is noted that Petitioner does not set forth

any specific question of law on which the various Circuits are in conflict. Instead, Petitioner asserts that various elements of this decision, such as the relevance of good faith, the applicability of Rule 52(a) of the Federal Rules of Civil Procedure to the findings of the trial court, and the quantum of proof necessary to establish likelihood of confusion are in conflict with various decisions in other Circuits.[7] This falls far short of presenting a clearly defined question of law on which there have, in fact, been conflicting decisions, such as would present a question worthy of certiorari. Petitioner's arguments are directed toward the Court of Appeals' *application* of the law to the facts of this case but not to the *correctness* of the law applied.

Petitioner argues, citing *Drexel Enterprises, Inc.* v. *J. R. Richardson*, 312 F.2d 525 (10th Cir. 1962), that criteria set forth in the *Restatement of Torts 2d*, Tentative Draft No. 8, §§ 729 and 731, are the applicable cri-

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[7] It is noted that in support of its conclusion in the present case, the Fourth Circuit Court of Appeals cited consistent cases decided by the Third and Seventh Circuit Courts of Appeals, involving "coined" words (which were also acronyms), namely, *Telechron, Inc.* v. *Telicon Corp.*, 198 F.2d 903, 908 (3d Cir. 1952), and *Polaroid Corp.* v. *Polaraid, Inc.*, 319 F.2d 830, 831 (7th Cir. 1963). It also cited in support of its opinion at least one Tenth Circuit case, *Standard Oil of New Mexico* v. *Standard Oil of California*, 56 F.2d 973, 978 (10th Cir. 1932), and precedents across the country including cases in which certiorari has already been denied, for example: *Best & Co.* v. *Miller*, 167 F.2d 374 (2d Cir. 1948), *cert. den.* 335 U.S. 818 (1948); *Taussig* v. *Wellington Fund, Inc.*, 313 F.2d 472 (3d Cir. 1963), *cert. den.* 374 U.S. 806 (1963); *Fleischmann Distilling Corp.* v. *Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963), *cert. den.* 374 U.S. 830 (1963); *Aunt Jemima Mills Co.* v. *Rigney & Co.*, 247 F. 407 (2d Cir. 1917), *cert. den.* 245 U.S. 672 (1918).

teria for determining likelihood of confusion under § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). Petitioner erroneously argues by implication that the Court of Appeals in this case applied substantially different standards. Passing over the question of the legal force of the *Restatement of Torts 2d*, Respondent notes that the Court of Appeals did, in fact, apply to the facts of this case criteria substantially similar to and not at all inconsistent with the *Restatement* criteria (Pet. 10). The Court of Appeals cited the *Restatement* with approval, stating:

> "Resemblance of the marks is not alone sufficient to establish the likelihood of confusion. Other factors such as the nature of the goods, the channels of trade, and the class of purchasers must be considered. *American Drill Bushing Co.* v. *Rockville Mfg. Co.*, 342 F.2d 1019, 1021 (CCPA 1965); see Restatement of Torts § 731 (1938)." (Pet. B11-12).

Petitioner also appears to argue that the Court of Appeals equated the "possibility" of confusion to a "likelihood of confusion" and, therefore, erred in applying a test of infringement which was not in line with the standards applied by other Circuits. Again, Petitioner's argument is without foundation in the actual decision of the Court of Appeals. The Court of Appeals clearly stated that the standard it was using was "likelihood of confusion of prospective customers" (Pet. B11) and it applied conventional and long accepted criteria to determine whether there was adequate basis for concluding that a likelihood of confusion exists. Petitioner's argument that the conclusion reached by the Court of Appeals reflects a standard of a "possibility" rather than a "likelihood" or a "prob-

ability" is an exercise in semantics and does not present a question of law.[8]

In short, the Petitioner presents no question of law on which the Circuits are in conflict, nor does it present any inconsistency between the result in this case and decisions of other Circuits.

II. DECISION BELOW APPLIES SUPREME COURT DEFINITION OF "CLEARLY ERRONEOUS" RULE IN REVERSING DISTRICT COURT

A. The Court of Appeals Did Not Reverse Any Special Finding by District Court Under Rule 52(a), Federal Rules of Civil Procedure

Inasmuch as Respondent did not, on appeal, challenge the correctness of any of the specific relevant facts found by the trial court as items 1 through 25 of the "Findings of Fact" (Pet. A2-A8), the Court of Appeals did not have to state specifically whether or not the "clearly erroneous" test of Rule 52(a) of the Federal Rules of Civil Procedure had been met by Respondent with respect to specific or "detailed" findings of the trial court (Pet. 2, Question 2).

Petitioner merely asserts that the Court of Appeals "set aside certain findings of fact made by the District Court" (Pet. 13). With two exceptions,[9] however,

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[8] The Court of Appeals used the word "possibility" (Pet. B10, 11, 13) in the context of expanding fields of operation, increasing numbers of common customers, and impairment of the public interest in and prejudice to Respondent's image. The Court did not use the word "possibility" in the sense or context of a legal test of confusion.

[9] The trial court's finding that COMSAT and COMCET are "weak" names and marks and its finding that there is no likelihood of confusion are the two findings discussed by Petitioner.

the "certain findings" are not identified in the Petition, and the "findings" to which Petitioner *appears* to make reference are not among those "specially" found by the trial court. Moreover, the holding of the trial court that there was no likelihood of confusion was not set forth as one of its "Findings of Fact" (Pet. A2-A8). Rather, that holding was an Ultimate Finding and Conclusion by the trial court (and so labeled by it) reached on the basis of the evidence as a whole (Pet. A8 et seq.). As discussed more fully hereinafter, such an Ultimate Finding and Conclusion may be reviewed by the Court of Appeals and overturned as being "clearly erroneous" if, on the basis of the evidence as a whole, the reviewing court is left with a "definite and firm conviction that a mistake has been committed". *United States* v. *United States Gypsum Co.*, 333 U.S. 364, 395 (1948). That is precisely the conviction with which the Court of Appeals was left on the basis of the *entire* evidence in this case (Pet. B9).

The unanimous decision of the Court of Appeals (Pet. B1-14) took the totality of the facts as they were found by the District Court (Pet. A1-8, F&F. 1-25), and, after applying consistent precedents, stated that the Court was "left with the definite and firm conviction that a mistake has been committed" (Pet. B9). This statement referred to the ultimate finding by the trial court that "there is no likelihood that 'defendant's goods, services or business will be confused with or mistaken for plaintiff's" (Pet. A13).

B. The Court of Appeals Correctly Held District Court's Holding of "No Likelihood of Confusion" Was "Clearly Erroneous"

This Court settled in the *Gypsum* case, *supra*, the criterion upon which an appellate tribunal may set aside as "clearly erroneous" the "findings" of a trial court, whether such "findings" are "ultimate facts" or "inferences" drawn from "basic facts". In *Gypsum*, *supra*, this Court held that:

> "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." (333 U.S. at 395).

The Fourth Circuit Court of Appeals concluded, in the present case, that the District Court finding of no likelihood of confusion was "clearly erroneous" under the foregoing criterion, saying:

> "We are unable to accept this finding because on the entire evidence we are left with the definite and firm conviction that a mistake has been committed' *United States* v. *United States Gypsum Co.*, 333 U.S. 364, 395 (1948)". (Pet. B9).

In rejecting the District Judge's finding of no likelihood of confusion, the Court of Appeals went on and specified in detail its reasons as follows:

> "Several facts lead to the inference that confusion is likely. Both companies trade in the same geographical area and frequently solicit the same businesses. Although they do not compete, their services and products are closely related. Only a most perceptive ear can avoid initial confusion between the names when they are spoken, and rumor, which

is often more destructive of good will than fact, most frequently travels by word of mouth." (Pet. 39).

Thus, the decision of the Fourth Circuit Court of Appeals in the present case was consistent with the decision of this Court in *Gypsum*,[10] *supra*.

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[10] The Sixth Circuit Court of Appeals in the very case cited by Petitioner at Pet. 10, 12 [*S.C. Johnson & Son, Inc.* v. *Johnson Products, Co.*, 266 F.2d 129 (6th Cir. 1959), *cert. den.* 361 U.S. 829 (1959)] followed the *Gypsum* test, holding that a Court of Appeals, on reviewing the findings of a trial court may not reverse them as "clearly erroneous" unless, on the entire evidence, it is left with a definite and firm conviction that a mistake was committed. In the case of *Checkir Food Products Company* v. *Ralston Purina Company*, 232 F.2d 477 (8th Cir. 1956), also cited by Petitioner, the Eighth Circuit *agreed* with the conclusion of the trial court and, therefore, had no occasion to reverse the District Court under the rule of *United States* v. *United States Gypsum Co.*, *supra*.

Petitioner also cites the Fifth Circuit decision in *Sun-Maid Raisin Growers of California* v. *Sunaid Food Products, Inc.*, 356 F.2d 467 (5th Cir. 1966), for the proposition that a Court of Appeals, to reverse a trial court's finding of no likelihood of confusion, must conclude that such finding was clearly erroneous. Since the Court of Appeals in the present case determined that the trial court's ultimate findings were clearly erroneous, Petitioner need not challenge the decision in the *Sun-Maid* case, *supra*. In the cited case, the Court of Appeals did review the entire facts in the case but was not convinced that, either as to any specific finding of fact or on the evidence as a whole, the trial court had made a mistake. It is evident, therefore, that the Fifth Circuit Court of Appeals, without saying so, reviewed the entire evidence, as permitted under the *Gypsum* rule, but was *not* left with a firm conviction that, on the undisputed evidence, the trial court had made a mistake.

The Second Circuit, without even acknowledging that it was acting under the doctrine of the *Gypsum* case, *supra*, reversed the District Court and granted injunctive relief in a very recent case

III. NO CONFLICT WITH MARYLAND DECISIONS

A. Maryland Cases

Petitioner's assertion that the Court of Appeals' decision in the present case is in conflict with applicable Maryland decisions (Pet. 16) is entirely without foundation.

Petitioner cites *A & H Transportation, Inc.* v. *Save Way Stations, Inc.*, 244 Md. 325, 135 A.2d 289 (1957), as the "most recent applicable decision of the Supreme Court [sic.] of Maryland". (Pet. 16). In that case, the Maryland Court of Appeals stated that:

> "Questions of the protection of business names have been before this court in a number of cases. Among the most recent are *Edmondson Village Theatre, Inc.*, v. *Einbender*, 1955, 208 Md. 38, 116 A. 2d 377, and *National Shoe Stores Co.* v. *National Shoes of New York, Inc.*, 1957, 213 Md. 328, 131 A. 2d 909, the opinions in which review the principles of law applicable to the present case." (135 A. 2d at 292).

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under the Lanham Act involving a "strong" mark and some differences in goods. *Kiki Undies Corp.* v. *Promenade Hosiery Mills, Inc.*, 411 F.2d 1097 (1969), *petition for cert. dismissed*, 396 U.S. 1054 (1970). The court discussed and applied the tests of likelihood of confusion previously set forth by that Circuit in *Polaroid Corporation* v. *Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), *cert. den.* 368 U.S. 820 (1961), and *Triumph Hosiery Mills, Inc.* v. *Triumph International Corp.*, 308 F.2d 196 (2d Cir. 1962), saying: "These factors are variable and relative and no single one, because of its presence or absence is, in itself, determinative of a case". 411 F.2d at 1099. It went on to say: "in 'the final analysis the decision must rest on the court's conviction as to possible confusion, *Miles Shoes, Inc.* v. *R. H. Macy & Co., Inc.*, supra.'" 411 F.2d at 1101. Judgment of the District Court was reversed with directions to enter an injunction against defendant's further use of the mark.

The Fourth Circuit Court of Appeals in the present case not only applied *Edmondson Village Theatre, Inc. v. Einbender*, 208 Md. 38, 116 A.2d 377 (1955), (Pet. B6), but also repeatedly applied *National Shoe Stores Co. v. National Shoes of New York, Inc.*, 213 Md. 328, 131 A. 2d 909 (1957) (Pet. B7, B8 and B9), which case was the principal source of the law applied in the *A & H Transportation* case, *supra*, relied upon by Petitioner. The law applied by the Fourth Circuit Court of Appeals in the present case, therefore, relies upon and is consistent with the same line of decisions of the highest court of the State of Maryland as those upon which *A & H Transportation, supra,* relies.

In addition to the foregoing recent Maryland precedents, the Fourth Circuit Court of Appeals, like the Maryland Court, relied upon an earlier Maryland precedent, namely, *Drive It Yourself Co. v. North*, 148 Md. 609, 130 A. 57 (1925). The Fourth Circuit Court of Appeals also referred to the most recent Maryland decision in this field, *Mascaro v. Snelling & Snelling*, 250 Md. 215, 243 A.2d 1 (1968), *cert. den.* 393 U.S. 981 (1968).

In *National Shoe Stores Co. v. National Shoes of New York, Inc. supra*, the Maryland Court of Appeals described three categories of name cases. Those categories involved (a) distinctive, coined or arbitrary marks, (b) fraudulent adoption or misuse of the name of another, and (c) geographical or descriptive names which have acquired distinctiveness. No Maryland cases have been found which involve marks falling in either the first or second categories. Since no Maryland case thus far reported has involved a distinctive, coined or arbitrary name and mark such as COMSAT, there is no basis for Petitioner's assertion that the

Court of Appeals' decision is in *conflict* with the common law of Maryland." In fact, the Court of Appeals noted the absence of direct precedent on this point, saying:

> "Maryland has not spoken of confusion when coined or arbitrary names are involved . . ." (Pet. B9).

In deciding the present case the Court of Appeals applied the test of likelihood of confusion of prospective purchasers in holding that COMCET infringes COMSAT. The Court took into account many factors, including, but not limited to, the class of prospective purchasers, such as relatively unsophisticated purchasers and prospective purchasers of stock as well as the more sophisticated purchasers and users of modern goods and services in the interrelated communications and computer industries. Its decision was consistent with holdings in Maryland cases as well as with those holdings in cases from other circuits involving "coined" or distinctive names.[11]

It is clear that Petitioner's argument, to the effect that the Court of Appeals for the Fourth Circuit applied an *incorrect* test of infringement in the present case and is, therefore, in *conflict* with Maryland law, is unfounded.

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[11] The decision of the Court of Appeals is consistent with leading decisions in other jurisdictions concerning protection of coined trade names such as *Telechron, Inc.* v. *Telicon Corp.*, 198 F.2d 903 (3d Cir. 1952), *Polaroid Corp.* v. *Polaraid, Inc.*, 319 F.2d 830 (7th Cir. 1963), and *Yale Electric Corp.* v. *Robertson*, 26 F.2d 972 (2d Cir. 1928).

B. Maryland Common Law Was Correctly Applied

The opinion of the Fourth Circuit Court of Appeals, in holding that COMCET infringes COMSAT, correctly states and applies to the present case the Maryland common law with respect to trade name infringement.

The Court of Appeals found that "several facts lead to the inference that confusion is likely" (Pet. B9) and expressly set out in its opinion those factors which it considered to be relevant, namely:

> "Both companies trade in the same geographical area and frequently solicit the same businesses. Although they do not compete, their services and products are closely related. Only a most perceptive ear can avoid initial confusion between the names when they are spoken". (Pet. B9).

The Court also said:

> "They sound almost identical and visual differences are slight. Whether the test be common law or statute, the likeness is so striking that it is apparent that Comcet—though requested not to do so—is using a colorable imitation of Comsat's name and mark". (Pet. B6).

The Court of Appeals noted that a series of Maryland cases have suggested that, where coined or arbitrary names are concerned, the burden of the first user under Maryland law to establish trade name infringement may be even less than "likelihood of confusion". Mere copying of the name may be sufficient (Pet. B8).[12]

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[12] *National Shoe Stores Co.* v. *National Shoes of New York, Inc.*, *supra*, cited by the Court of Appeals, carries forward the common law principles of *Drive It Yourself Co.* v. *North*, *supra*, and *Baltimore Bedding Corporation* v. *Moses*, 182 Md. 229, 34 A.2d 338 (1943), and indicates that "usually, the appropriation of such words alone is sufficient to give rise to a protectable right in the name".

The Court of Appeals held COMSAT to be such a coined name but assumed, without deciding, that Respondent nevertheless had to show likelihood of confusion to prove trade name infringement. The Court of Appeals held that Respondent met this higher burden of proof and, therefore, was entitled to prevail (Pet. B9).

A reading of the Maryland cases will show that where relief was denied or only limited relief granted, special circumstances existed, such as lack of secondary meaning, limited territory of use or other equitable defenses. No such defenses were raised or exist in the present case.

IV. NO IMPORTANT QUESTION OF FEDERAL LAW INVOLVED—TERM "MONOPOLY" MISAPPLIED TO TRADE NAMES AND TRADEMARKS

A. Lanham Act Test of Likelihood of Trademark Confusion Well Settled

The Lanham Act has now been in effect for more than twenty-three years and the question of "likelihood of confusion" has been involved in and has been settled in the majority of contested cases arising under the Act.[13] Thus, there is a large body of consistent precedents upon which the courts continually draw in considering each case on its merits. Petitioner has not pointed out where, during the past twenty-odd years, there has been such a divergence of views among the Circuits as to the tests to be applied in determining whether or not there is "likelihood of confusion" under § 32(1) of the Act, 15 U.S.C. § 1114(1), as to make the question presented herein worthy of certiorari.

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[13] See, Derenberg, *The Twenty-Third Year of Administration of the Lanham Trademark Act of 1946*, 166 U.S.P.Q. No. 6, Part II (August 10, 1970).

B. Common Law Trade Name Protection Is in the Public Interest and Not a Monopoly

Although protection of the public from deception by counterfeiting or "passing off" amounting to unfair competition is important, it no longer constitutes a new or unsettled question of federal law, either generally or in the specific context of this case.

In the general context, the public is deluged with advertisements about countless products and services that are similar in function, appearance, and price. The consumer has no easy task of distinguishing the good from the bad and the honest from the dishonest, except by name and reputation. Many consumers find they must place primary reliance upon the name of a company whose goods or services have theretofore earned their respect.

Affluence and susceptibility to advertising have made both the name and the general reputation of a company more, rather than less, important than in earlier years. Nevertheless, the Petitioner seeks to plagiarize a world-famous name and capitalize on the goodwill which it symbolizes, to enhance its own commercial position. The Court of Appeals saw through Petitioner's arguments and refused to sustain the lower court decision, the effect of which would have been to reward a counterfeiter[13] and encourage others to do likewise. Rather, its decision reinforces the current trend to aid the public in intelligently selecting from, and distinguishing, the respective goods and services of one business enterprise from those of another.

Since no meritorious legal issue has been presented by Petitioner, the Court of Appeals' decision, in effect insisting upon a high standard of business ethics,

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[13] "Counterfeit" is defined by § 45 of the Lanham Act, 15 U.S.C. § 1127 (See Appendix A, p. 5a, *infra*).

should rest undisturbed. Had the Court of Appeals condoned the actions of the impostor in the present case, there might be adequate public interest involved to merit invoking the powers of this Court. Where, however, the Court of Appeals has consistently applied the Lanham Act to shield the public from deception, there is no public detriment which would call for this Court to review the action taken by the Court of Appeals in this case.

The Petitioner has injected the term "monopoly" into Question 3 of the Petition (Pet. 2). The term is used pejoratively and is misapplied by Petitioner to this case. This application of the term "monopoly" ignores the fact that the specific function of trade names, trademarks and service marks is to indicate origin in a *single* source. They are not assets to be shared with others and are outside the normal definition of a "common law monopoly". A typical "monopoly" exists where one party appropriates to himself that which competitors and others have a lawful right to share. There is no inherent right to share in the use of another's trade name, trademark or service mark where confusion or likelihood of confusion will result. The common law has, historically and in the public interest, provided protection for trade names by preventing counterfeiting or other forms of deception and by insisting upon a fair and reasonable standard of ethics among business enterprises. Raising the cry of "monopoly" does not merit a license to counterfeit the famous name and mark of another.

CONCLUSION

Respondent respectfully submits that the petition for writ of certiorari should be denied for the reasons set forth herein.

Respectfully submitted,

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